



News from

Congressman Ron Kind

REPRESENTING WISCONSIN'S THIRD
CONGRESSIONAL DISTRICT

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FOR IMMEDIATE RELEASE
December 8, 2005

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Cong. Kind Rejects Inequitable Tax Bill that Increases the Federal Deficit

Democratic substitute offers fiscally responsible extensions that protect the middle class

Washington, DC – On the heels of a November spending cut package that cut \$50 billion from student aid and critical social services, the House today passed a \$56 billion Republican budget reconciliation tax bill that primarily benefits the wealthiest taxpayers while failing to provide long-lasting tax relief to America's middle income families. U.S. Rep. Ron Kind (D-WI) rejected the GOP tax package and instead supported a deficit-neutral Democratic substitute offering fiscally responsible extensions that protect the middle class.

“After years of neglecting fiscal responsibility and exploding the federal deficit, the House majority is now cutting programs that primarily serve the most vulnerable Americans in order to pay for their tax cuts, all while continuing to shift additional tax burden onto middle class working families and increasing the debt burden on our children and grandchildren,” stated Rep. Kind. “The Democratic substitute that I supported provided fair and responsible tax relief that supports small business, encourages job growth, provides tax relief to those who need it, and does not increase the budget deficit.”

The Republican tax cut package has as its centerpiece the extension of the capital gains and dividend tax cut from 2008 to 2010 at a cost of \$21 billion. The distribution of taxable capital gains and dividends is highly skewed toward upper-income tax returns, with those making under \$50,000 a year collectively receiving only 3.2% of the capital tax cut value; taxpayers making more than \$200,000 a year receive 80% of the capital gains tax cut value; and those with incomes above \$1 million receive over 50% of the tax cut value.

“Middle class families in Wisconsin are facing increasing financial burdens from skyrocketing college tuition to rising energy prices,” stated Rep. Kind. “But once again, the House majority leadership has shown its stripes by sticking to its inequitable policy of providing tax cuts for the wealthiest Americans while ignoring the needs of the middle class. We can and we should do better for families by offering sensible and fiscally responsible tax policies.”

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The Democratic substitute that Kind supported offered fiscally responsible extensions to protect the middle class, including an extension of the higher exemptions for the Alternative Minimum Tax (AMT) and a renewal of the other annual tax extender provisions that expire in 2005. The Democratic substitute deals with the most pressing tax provisions, totals \$42 billion over five years, and offsets the full cost of those extensions by reducing the size of the President's tax cuts on incomes over \$1 million for joint returns and \$500,000 for other returns.